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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Robert L. Morgan
Executive Director

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September 24, 2002

James T. Jensen
Savage Industries, Inc.
6340 South 3000 East, Suite 600
Salt Lake City, Utah 84121

Re: Stacking Tube, Savage Industries, Inc., Savage Coal Terminal, C/007/022-AM02C,
Outgoing

Dear Mr. Jensen:

The above-referenced amendment has been reviewed. There are deficiencies that must be adequately addressed prior to approval. A copy of our Technical Analysis is enclosed for your information. In order for us to continue to process your application, please respond to these deficiencies by December 24, 2002.

If you have any questions, please call me at (801) 538-5268 or Karl R. Houskeeper at (435) 613-5330.

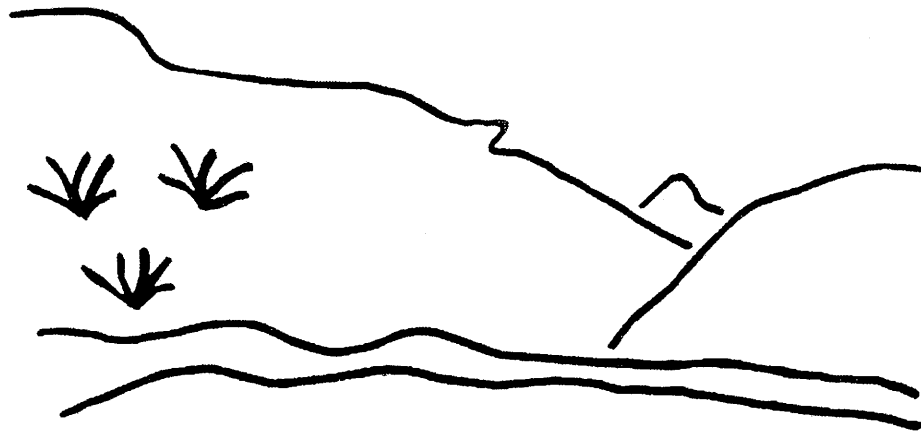
Sincerely,

A handwritten signature in cursive script, appearing to read 'Pamela Grubaugh-Littig'.

Pamela Grubaugh-Littig
Permit Supervisor

KRH/sd
Enclosure
cc: Price Field Office
O:\007022.SAV\FINAL\DEF02C.DOC

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Savage Coal Terminal
Stacking Tube
C/007/022-02C
Technical Analysis
September 23, 2002

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TECHNICAL ANALYSIS

September 23, 2002

TECHNICAL ANALYSIS

The Division regulates the Surface Mining Control and Reclamation Act of 1977 (SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

September 23, 2002

INTRODUCTION

The Division received an application on August 12, 2002 from Savage Industries, Inc. to install two steel stacking tubes at the Savage Coal Terminal. The area proposed for the stacking tubes is within the permit area and disturbed area. Currently, coal is already stacked in the proposed area, the stacking tubes will give the operator a greater ability to segregate and handle the coal. All issues relative to soils, hydrology, etc. are already addressed in the current MRP.

Appendix 3-7, Reclamation Cost Estimate Stacking Tube Addition, was included in the application. Appendix 3-7 addresses the reclamation costs associated with the proposed amendment and correlates them to the current bond.

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September 23, 2002

INTRODUCTION

SUMMARY OF DEFICIENCIES

SUMMARY OF DEFICIENCIES

The Technical analysis of the proposed permit changes cannot be completed at this time. Additional information is requested of the permittee to address deficiencies in the proposal. A summary of deficiencies is provided below. Additional comments and concerns may also be found within the analysis and findings made in this Draft Technical Analysis. Upon finalization of this review, any deficiencies will be evaluated for compliance with the regulatory requirements. Such deficiencies may be conditioned to the requirements of the permit issued by the division, result in denial of the proposed permit changes, or may result in other executive or enforcement action and deemed necessary by the Division at that time to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address those deficiencies as found within this Draft Technical Analysis and provide the following, prior to approval, in accordance with the requirements of:

Regulations

- R645-301-422**, Information needs to be provided to the Division that indicates coordination between the applicant and the Utah Bureau of Air Quality. 9
- R645-301-512**, Plate 3-2H needs to be P.E. stamped, signed and dated before incorporation into the approved MRP. 9
- R645-301-526.100**, Page 3-27 and/or 3-29, section 3.2.5.3 Conveyors, needs to be revised to incorporate the addition of the new conveyors. A reference should be given to provide a link to Appendix 3-7. Figure 3-7 needs to be revised to show the new conveyors. 7
- R645-301-526.113**, Page 3-1a needs to be revised to show the stacking tubes and the dates of construction. 7

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SUMMARY OF DEFICIENCIES

OPERATION PLAN

September 23, 2002

OPERATION PLAN

MINING OPERATIONS AND FACILITIES

Regulatory Reference: 30 CFR 784.2, 784.11; R645-301-231, -301-526, -301-528.

Analysis:

A review of the proposed amendment and the approved MRP was conducted. Portions of the approved MRP need to be revised to allow a reviewer to locate the submitted information in Appendix 3-7.

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the permittee must provide the following in accordance with:

R645-301-526.113, Page 3-1a needs to be revised to show the stacking tubes and the dates of construction.

R645-301-526.100, Page 3-27 and/or 3-29, section 3.2.5.3 Conveyors, needs to be revised to incorporate the addition of the new conveyors. A reference should be given to provide a link to Appendix 3-7. Figure 3-7 needs to be revised to show the new conveyors.

AIR POLLUTION CONTROL PLAN

Regulatory Reference: 30 CFR 784.26, 817.95; R645-301-244, -301-420.

Analysis:

The proposed amendment did not contain any information or discussion on whether the addition of the stacking tubes would affect the current Air Quality Permit. Coordination with the Utah Bureau of Air Quality needs to be done to assure that the permit with the proposed changes is still valid or if a new permit is required.

OPERATION PLAN

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the permittee must provide the following in accordance with:

R645-301-422, Information needs to be provided to the Division that indicates coordination between the applicant and the Utah Bureau of Air Quality.

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Certification Requirements

Plate 3-2H, Proposed Layout Plan and Elevations Option #2: 2 New Stacking Tubes, was included in the application. A review of this plate shows that it is not P.E. certified.

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the permittee must provide the following in accordance with:

R645-301-512, Plate 3-2H needs to be P.E. stamped, signed and dated before incorporation into the approved MRP.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

Appendix 3-5, Reclamation Cost Estimate, was incorporated into the approved MRP on April 19, 2002. This appendix indicates that the reclamation cost in 2004 dollars is \$1,637,000.00 and that the current bond is \$2,525,000.00.

Appendix 3-6, Reclamation Cost Estimate Coal Sampler Addition, was incorporated into the approved MRP on August 9, 2002. This appendix shows that the reclamation costs associated with this amendment are \$6,279.95. The \$6,279.95 reclamation cost amounts to less than 5% of the \$126,250.00 contingency of the \$2,525,000.00 bond.

Appendix 3-7, Reclamation Cost Estimate Stacking Tube Addition, is submitted as part of the amendment. The appendix shows the reclamation costs associated with this amendment are \$8,195.05. The \$8,195.05 reclamation cost amounts to less than 7% of the \$126,250.00 contingency of the \$2,525,000.00 bond.

The combination of Appendix 3-6 and Appendix 3-7 with Appendix 3-5 would bring the total reclamation cost to \$1,651,475.00. Combining the reclamation costs of Appendix 3-6 (\$6,279.95) with Appendix 3-7 (\$8,195.05) shows the reclamation cost (\$14,475.00) amounts to less than 12% of the \$126,250.00 contingency of the \$2,525,000.00 bond. The \$126,250.00 contingency is 5% of the \$2,525,000.00 bond.

Findings:

The requirements of this section of the regulations are considered adequate in regard to the proposed permit change for the addition of the stacking tubes.